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November 15, 2002

ELECTRONIC FILING

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: WC Docket No. 02-307 Ex Parte #**2**

On November 13, 2002, AT&T filed a letter with the Commission relating to AT&T's position that BellSouth's Florida UNE rates are based on a model that improperly accounts for the impact of inflation in both the cost of capital and the asset base. See *Ex Parte* letter from Alan C. Geolot (AT&T) to Marlene H. Dortch, dated November 13, 2002. Richard Kwiatkowski of the Wireline Competition Bureau's Pricing Policy Division has requested that BellSouth respond in writing to that November 13 *ex parte* by providing certain information which I have attached to this letter.

In accordance with Section 1.1206, I am filing this notice and the attached information electronically and request that you please place them in the record of the proceeding identified above. Thank you.

Sincerely,



Kathleen B. Levitz

Attachment

cc: Richard Lerner
Tamara Preiss
Josh Swift
Christine Newcomb
James Davis-Smith
Sara Kyle

Scott Bergmann
Jeff Dygert
Dick Kwiatkowski
Janice Myles
Luin Fitch
Beth Keating

ATTACHMENT

In order to determine the impact of inflation on the recurring costs BellSouth filed in Florida, BellSouth has re-run the cost studies eliminating the inflation component of the cost calculation. In other words, the average inflation factors were set to one. This, in essence, put all of the investment at the base year; i.e., at the vintage of the material/contract prices¹.

BellSouth utilized its 1/28/02 compliance filing, which reflected a bottoms-up approach, to determine the adjusted loop costs. Inflation is captured in two models in the bottoms-up run, in the BSTLM and in the BellSouth Cost Calculator. Additionally, inflation is added to BellSouth's costs in the BSTLM in two locations in the bottoms-up version of the model. First, material prices are adjusted to bring the material prices from a historical vintage to the mid-point of the 3-year study period. For example, BellSouth's cable material prices in the Florida UNE studies reflect prices paid during 1999. Since the UNE study is a 2000-2002 study, these material prices were inflated to bring them to the mid-point of the 2000-2002 study period (the period of time during which the resulting UNE rates were expected to be in place). The Material Loading table in BSTLM includes an average inflation factor for each Field Reporting Code ("FRC"). These inflation factors are multiplied by the applicable unit material prices for each type of plant "placed" by the BSTLM.

In addition to the material inflation factors, the bottoms-up BSTLM study calculates BellSouth personnel placing and splicing costs by multiplying placing and splicing times by an hourly labor rate associated with outside plant construction forces. This hourly labor rate used in BellSouth's filed bottoms-up study is a rate inflated to the mid-point of the 2000-2002 study period.

No additional inflation occurs in the BellSouth Cost Calculator for the outside plant accounts since the output coming from the BSTLM for the accounts already includes appropriate inflationary/deflationary impacts. Plant accounts' investments not developed via a bottoms-up approach (e.g., circuit equipment) are produced by the BSTLM at non-inflated levels. Any appropriate inflation or deflation for these "non-bottoms-up" accounts occurs in the BellSouth Cost Calculator.

Thus, to eliminate inflation from the BSTLM calculations, the Inflation factors contained in the Material Loading table were set to one. (In the original filing, this table can be found on the CD-ROM labeled Appendix D, Florida Docket No. 990649-TP; Compliance Filing – Revision 3; BellSouth UNE Cost Studies; 01/28/02 – Documentation\Xappendix\Appendix B\Attachment_REV.xls; Worksheet: Loadings.) Additionally, the labor rate for BellSouth construction employees (splicers and placers) was adjusted to eliminate the 2000-2002 inflation factor. The labor rates can be found in the same excel file as the Material Loading table on the Labor Rates worksheet. The

¹ The majority of the material prices are at the 1999 level, however, some are 1998 vintage. Furthermore, the outside plant contractor billing reflected work done during the 2000 timeframe, the most currently available data at the time of the filing in the 120day cost study.

original input sheets BellSouth filed are attached as Exhibit 1 and the revised input files are attached as Exhibit 2. Since only cable and structure were modeled using the bottoms-up approach, inflation must also be eliminated from the digital loop carrier accounts (257C) and from the switching accounts (377C)² in order to produce a loop with no inflation. Inflation for these accounts is applied in the BellSouth Cost Calculator. BellSouth created a scenario in the BellSouth Cost Calculator that reflected a 1.0 input for inflation for all accounts, i.e., no inflation is considered. Exhibit 3 replicates the data found on the Miscellaneous Factor screen in the BellSouth Cost Calculator and compares the original input and the input with no inflation.

In order to determine the impact of eliminating inflation for elements not filed in the 120-day proceeding, the August 16, 2000 cost study was used. (CD-ROM – Appendix D; Florida Docket No. 990649-TP; Revised Cost Study Filing) This was run through the BellSouth Cost Calculator using the scenario previously described – all inflation factors set to 1.0.

The outputs of the BellSouth Cost Calculator confirm the adjustments made by BellSouth to eliminate inflation. Exhibit 4 contains output sheets for the UNE-P loop (element P.1.1) that displays the material prices, inflation factors, in-plant factors, supporting equipment &/or power loading factors, and the total investment. The first worksheet in Exhibit 4 is the original output as filed by BellSouth. The second worksheet is from the run in which inflation has been eliminated. First, note that the material prices for cable accounts modeled using a bottoms-up approach are lower than those originally filed, reflecting the elimination of the inflation from the labor rates. Second, note that for all accounts the inflation factors are now set at 1, i.e., no inflation/deflation is considered.

Exhibit 5 provides a comparison between the as filed costs, which considered inflation, to those with the inflation impact eliminated for the elements that comprise the UNE-P offering – loop, port, switching (usage), and features. Additionally, since AT&T reportedly made this same analysis for the unbundled 2-wire analog loop (A.1.1) and the unbundled port (B.1.1), Exhibit 5 also includes these elements. In order to estimate the impact of eliminating inflation on the rates established by the FSPC, the percent difference between the as filed costs and the adjusted (non-inflated) costs have been applied against the existing rates and are displayed on Exhibit 6.

² The termination on the main distribution frame (“MDF”) is coded to the 377C account.

Material Loading (Labor Rates And Loadings)

Cost Component	Misc. Material	Engineering	Supply Expense	Tax	Other	Inflation
AerialCU	1.21256	0.000000	0.114723	0.06	0.342901	1.08216
AerialCU24G	1.21256	.125173	0.114723	0.06	0.342901	1.08216
AerialFO	0.305805	.125173	0.084625	0.06	0.144844	1.02013
BuildingCU	1.114668	.079891	0.111335	0.06	0.273744	1.08216
BuildingCU24G	1.114668	.527361	0.111335	0.06	0.273744	1.08216
BuildingFO	1.442284	.527361	0.143729	0.06	0.348742	1.02013
BuriedCU	0.526531	.251673	0.080962	0.06	0.226429	1.07151
BuriedCU24G	0.526531	.207567	0.080962	0.06	0.226429	1.07151
BuriedFO	0.182974	.207567	0.075209	0.06	0.093719	1.04054
BuriedTrenchCU	0	.229043	0	0	0	1.00000
BuriedTrenchCU24G	0	0.000000	0	0	0	1.00000
BuriedTrenchFO	0	0.000000	0	0	0	1.00000
Conduit	0	0	0	0	0	0.00000
DLCCOT	0	0	0	0	0	1.00000
DLCRT	0	0.000000	0	0	0	1.00000
DropAndNidAerialCu	0	0.000000	0	0	0	1.00000
DropAndNidBuriedCu	0	.376020	0	0	0	1.00000
IntrabuildingCU	1.633235	.376020	0.146634	0.06	0.406793	1.09256
IntrabuildingCU24G	1.633235	.094364	0.146634	0.06	0.406793	1.09256
IntrabuildingFO	2.344201	0.000000	0.165777	0.06	0.562154	1.04054
NIUCu	0	0.000000	0	0	0	1.00000
Pole	0.224429	.419046	0.010813	0.06	0.161566	1.07683
SonetLoading	0	0.000000	0	0	0	1.00000
UndergroundCU	0.988971	.088109	0.105462	0.06	0.271775	1.09256
UndergroundCU24G	0.988971	.088109	0.105462	0.06	0.271775	1.09256
UndergroundFO	0.179838	.081247	0.067492	0.06	0.078187	1.00000

Labor Rate (Labor Rates And Loadings)

Type	Labor Rate	Rate/Hour
DropPlacing	Drop Placing	\$ 29.02
Engineering	Engineering Plant or Test Direct Labor Costs/ Hour	\$ -
Estimators	Estimators/Posting	\$ -
Inspectors	Inspectors (Contract Administration-46)	\$ -
Placing	Placing (44) Plant Direct Labor Costs per Hour	\$ 49.05
Splicing	Splicing (43) Plant Direct Labor Costs per Hour	\$ 49.05

Exhibit 2
(Inflation = 0)

BellSouth Telecommunications, Inc.

Material Loading (Labor Rates And Loadings)

Cost Component	Misc. Material	Engineering	Supply Expense	Tax	Other	Inflation
AerialCU	1.21256	0.000000	0.114723	0.06	0.342901	1.00000
AerialCU24G	1.21256	.125173	0.114723	0.06	0.342901	1.00000
AerialFO	0.305805	.125173	0.084625	0.06	0.144844	1.00000
BuildingCU	1.114668	.079891	0.111335	0.06	0.273744	1.00000
BuildingCU24G	1.114668	.527361	0.111335	0.06	0.273744	1.00000
BuildingFO	1.442284	.527361	0.143729	0.06	0.348742	1.00000
BuriedCU	0.526531	.251673	0.080962	0.06	0.226429	1.00000
BuriedCU24G	0.526531	.207567	0.080962	0.06	0.226429	1.00000
BuriedFO	0.182974	.207567	0.075209	0.06	0.093719	1.00000
BuriedTrenchCU	0	.229043	0	0	0	1.00000
BuriedTrenchCU24G	0	0.000000	0	0	0	1.00000
BuriedTrenchFO	0	0.000000	0	0	0	1.00000
Conduit	0	0	0	0	0	0.00000
DLCCOT	0	0	0	0	0	1.00000
DLCRT	0	0.000000	0	0	0	1.00000
DropAndNidAerialCu	0	0.000000	0	0	0	1.00000
DropAndNidBuriedCu	0	.376020	0	0	0	1.00000
IntrabuildingCU	1.633235	.376020	0.146634	0.06	0.406793	1.00000
IntrabuildingCU24G	1.633235	.094364	0.146634	0.06	0.406793	1.00000
IntrabuildingFO	2.344201	0.000000	0.165777	0.06	0.562154	1.00000
NIUCu	0	0.000000	0	0	0	1.00000
Pole	0.224429	.419046	0.010813	0.06	0.161566	1.00000
SonetLoading	0	0.000000	0	0	0	1.00000
UndergroundCU	0.988971	.088109	0.105462	0.06	0.271775	1.00000
UndergroundCU24G	0.988971	.088109	0.105462	0.06	0.271775	1.00000
UndergroundFO	0.179838	.081247	0.067492	0.06	0.078187	1.00000

Exhibit 2
(Inflation = 0)

BellSouth Telecommunications, Inc.

Labor Rate (Labor Rates And Loadings)

Type	Labor Rate	Rate/Hour
DropPlacing	Drop Placing	\$ 29.02 **
Engineering	Engineering Plant or Test Direct Labor Costs/ Hour	\$ -
Estimators	Estimators/Posting	\$ -
Inspectors	Inspectors (Contract Administration-46)	\$ -
Placing	Placing (44) Plant Direct Labor Costs per Hour	\$ 45.81
Splicing	Splicing (43) Plant Direct Labor Costs per Hour	\$ 45.81

** This labor rate never included inflation because drop is inflated in the BellSouth Cost Calculator.

INFLATION FACTOR COMPARISON

10C	1.0487	1.0000
117C	1.0100	1.0000
12C	1.0822	1.0000
12C4	1.0822	1.0000
157C	0.9703	1.0000
1C	1.0768	1.0000
1CP	1.0768	1.0000
20C	1.0487	1.0000
22C	1.0822	1.0000
22C4	1.0822	1.0000
257C	0.9800	1.0000
357C	0.9412	1.0000
377C	1.0201	1.0000
377CP	1.0201	1.0000
430C	1.0033	1.0000
45C	1.0715	1.0000
45C4	1.0715	1.0000
4C	1.0700	1.0000
4CP	1.0700	1.0000
52C	1.0926	1.0000
52C4	1.0926	1.0000
530C	0.6885	1.0000
5C	1.0926	1.0000
5C4	1.0926	1.0000
630C	0.6885	1.0000
6C	1.0785	1.0000
6C4	1.0785	1.0000
812C	1.0201	1.0000
822C	1.0201	1.0000
845C	1.0405	1.0000
852C	1.0405	1.0000
85C	1.0000	1.0000
86C	1.0509	1.0000

1/25/2002

Investment Development - Volume Sensitive

Exhibit 4
(As Filed)Florida
P.1.1 2-Wire Voice Grade Loop

	A	B	C=AxB	D1	D2	D3	D4	D5	E=Cx(D1xD2 x...xD5)	F	G=ExF		
						In-Plant Factors (Default = 1)							
						Plug-in Inventory Factor	Mat'l Factor	Telco Factor	Plug-in Factor	Hardwire Factor	In-Plant Investment	Supporting Equipment &/or Power Loading	Total Investment
Description	FRC	Sub FRC	Material	Inflation Factor	Adjusted Material								
Aerial Ca - Metal - Building Entrance - ACF only	12C	99	\$2.3361	NA	\$2.3361	NA	NA	NA	NA	NA	\$2.3361	NA	\$2.3361
Aerial Ca - Metal - Building Entrance 24-Guage - ACF only	12C4	99	\$0.0365	NA	\$0.0365	NA	NA	NA	NA	NA	\$0.0365	NA	\$0.0365
Poles - ACF only	1C	99	\$28.8938	NA	\$28.8938	NA	NA	NA	NA	NA	\$28.8938	NA	\$28.8938
Aerial Ca - Metal - Drop	22C	01	\$6.2687	1.0822	\$6.7838	NA	NA	NA	NA	NA	\$6.7838	NA	\$6.7838
Aerial Ca - Metal - ACF only	22C	99	\$34.0084	NA	\$34.0084	NA	NA	NA	NA	NA	\$34.0084	NA	\$34.0084
Aerial Ca - Metal 24-Guage - ACF only	22C4	99	\$38.5644	NA	\$38.5644	NA	NA	NA	NA	NA	\$38.5644	NA	\$38.5644
Digitl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	\$3.0014	0.9800	\$2.9414	NA	NA	NA	NA	2.5184	\$7.4076	1.0251	\$7.5931
Digitl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	\$9.5663	0.9800	\$9.3749	NA	NA	NA	1.1682	NA	\$10.9521	1.0251	\$11.2265
Digitl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	\$6.8674	0.9800	\$6.7301	NA	NA	NA	1.1682	NA	\$7.8623	1.0251	\$8.0592
Digitl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	\$0.7991	0.9800	\$0.7831	NA	NA	NA	NA	2.5184	\$1.9723	1.0205	\$2.0127
Digitl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	\$1.6184	0.9800	\$1.5860	NA	NA	NA	1.1682	NA	\$1.8529	1.0205	\$1.8908
Digitl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	\$4.0449	0.9800	\$3.9640	NA	NA	NA	1.1682	NA	\$4.6309	1.0205	\$4.7257
Digitl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	\$25.4455	0.9800	\$24.9365	NA	NA	NA	NA	2.5184	\$62.8007	1.0205	\$64.0861
Digitl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	\$20.8111	0.9800	\$20.3949	NA	NA	NA	1.1682	NA	\$23.8260	1.0205	\$24.3137
Digitl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	\$30.8906	0.9800	\$30.2728	NA	NA	NA	1.1682	NA	\$35.3657	1.0205	\$36.0896
Digital Elec Switch - MDF	377C	05	\$3.4580	1.0201	\$3.5276	NA	1.3249	NA	NA	NA	\$4.6736	1.1011	\$5.1460
Buried Ca - Metal - Drop	45C	01	\$28.0119	1.0715	\$30.0151	NA	NA	NA	NA	NA	\$30.0151	NA	\$30.0151
Buried Ca - Metal - ACF only	45C	99	\$202.2777	NA	\$202.2777	NA	NA	NA	NA	NA	\$202.2777	NA	\$202.2777
Buried Ca - Metal 24-Guage - ACF only	45C4	99	\$75.2505	NA	\$75.2505	NA	NA	NA	NA	NA	\$75.2505	NA	\$75.2505
Conduit Systems - ACF only	4C	99	\$307.2041	NA	\$307.2041	NA	NA	NA	NA	NA	\$307.2041	NA	\$307.2041
Intrbld Network - Metal - ACF only	52C	99	\$13.3516	NA	\$13.3516	NA	NA	NA	NA	NA	\$13.3516	NA	\$13.3516
Intrbld Network - Metal 24-Guage - ACF only	52C4	99	\$0.4356	NA	\$0.4356	NA	NA	NA	NA	NA	\$0.4356	NA	\$0.4356
Underground Ca - Metal - ACF only	5C	99	\$32.3473	NA	\$32.3473	NA	NA	NA	NA	NA	\$32.3473	NA	\$32.3473
Underground Ca - Metal 24-Guage - ACF only	5C4	99	\$45.3823	NA	\$45.3823	NA	NA	NA	NA	NA	\$45.3823	NA	\$45.3823
Aerial Ca - Fiber - Building Entrance - ACF only	812C	99	\$0.0011	NA	\$0.0011	NA	NA	NA	NA	NA	\$0.0011	NA	\$0.0011
Aerial Ca - Fiber - ACF only	822C	99	\$1.7461	NA	\$1.7461	NA	NA	NA	NA	NA	\$1.7461	NA	\$1.7461
Buried Ca - Fiber - ACF only	845C	99	\$22.1105	NA	\$22.1105	NA	NA	NA	NA	NA	\$22.1105	NA	\$22.1105
Underground Ca - Fiber - ACF only	85C	99	\$1.0157	NA	\$1.0157	NA	NA	NA	NA	NA	\$1.0157	NA	\$1.0157
											\$1,003.1044		\$1,006.9038

BellSouth Telecommunications, Inc.

No Inflation

			A	B	C=AxB	D1	D2	D3	D4	D5	E=Cx(D1xD2 x...xD5)	F	G=ExF
Description	FRC	Sub FRC	Material	Inflation Factor	Adjusted Material	In-Plant Factors (Default = 1)					In-Plant Investment	Supporting Equipment &/or Power Loading	Total Investment
						Plug-in Inventory Factor	Mat'l Factor	Telco Factor	Plug-in Factor	Hardwire Factor			
Aerial Ca - Metal - Building Entrance - ACF only	12C	99	\$2.1385	NA	\$2.1385	NA	NA	NA	NA	NA	\$2.1385	NA	\$2.1385
Aerial Ca - Metal - Building Entrance 24-Guage - ACF only	12C4	99	\$0.0337	NA	\$0.0337	NA	NA	NA	NA	NA	\$0.0337	NA	\$0.0337
Poles - ACF only	1C	99	\$27.6177	NA	\$27.6177	NA	NA	NA	NA	NA	\$27.6177	NA	\$27.6177
Aerial Ca - Metal - Drop	22C	01	\$6.2687	1.0000	\$6.2687	NA	NA	NA	NA	NA	\$6.2687	NA	\$6.2687
Aerial Ca - Metal - ACF only	22C	99	\$31.5560	NA	\$31.5560	NA	NA	NA	NA	NA	\$31.5560	NA	\$31.5560
Aerial Ca - Metal 24-Guage - ACF only	22C4	99	\$35.7476	NA	\$35.7476	NA	NA	NA	NA	NA	\$35.7476	NA	\$35.7476
Digitl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	\$3.0014	1.0000	\$3.0014	NA	NA	NA	NA	2.5184	\$7.5587	1.0251	\$7.7481
Digitl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	\$9.5663	1.0000	\$9.5663	NA	NA	NA	1.1682	NA	\$11.1756	1.0251	\$11.4556
Digitl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	\$6.8674	1.0000	\$6.8674	NA	NA	NA	1.1682	NA	\$8.0227	1.0251	\$8.2237
Digitl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	\$0.7991	1.0000	\$0.7991	NA	NA	NA	NA	2.5184	\$2.0125	1.0205	\$2.0537
Digitl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	\$1.6184	1.0000	\$1.6184	NA	NA	NA	1.1682	NA	\$1.8907	1.0205	\$1.9294
Digitl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	\$4.0449	1.0000	\$4.0449	NA	NA	NA	1.1682	NA	\$4.7254	1.0205	\$4.8222
Digitl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	\$25.4455	1.0000	\$25.4455	NA	NA	NA	NA	2.5184	\$64.0823	1.0205	\$65.3940
Digitl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	\$20.8111	1.0000	\$20.8111	NA	NA	NA	1.1682	NA	\$24.3122	1.0205	\$24.8099
Digitl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	\$30.8906	1.0000	\$30.8906	NA	NA	NA	1.1682	NA	\$36.0875	1.0205	\$36.8261
Digital Elec Switch - MDF	377C	05	\$3.4580	1.0000	\$3.4580	NA	1.3249	NA	NA	NA	\$4.5814	1.1011	\$5.0444
Buried Ca - Metal - Drop	45C	01	\$28.0119	1.0000	\$28.0119	NA	NA	NA	NA	NA	\$28.0119	NA	\$28.0119
Buried Ca - Metal - ACF only	45C	99	\$196.9304	NA	\$196.9304	NA	NA	NA	NA	NA	\$196.9304	NA	\$196.9304
Buried Ca - Metal 24-Guage - ACF only	45C4	99	\$70.2413	NA	\$70.2413	NA	NA	NA	NA	NA	\$70.2413	NA	\$70.2413
Conduit Systems - ACF only	4C	99	\$307.2041	NA	\$307.2041	NA	NA	NA	NA	NA	\$307.2041	NA	\$307.2041
Intrbld Network - Metal - ACF only	52C	99	\$12.2205	NA	\$12.2205	NA	NA	NA	NA	NA	\$12.2205	NA	\$12.2205
Intrbld Network - Metal 24-Guage - ACF only	52C4	99	\$0.3987	NA	\$0.3987	NA	NA	NA	NA	NA	\$0.3987	NA	\$0.3987
Underground Ca - Metal - ACF only	5C	99	\$29.9359	NA	\$29.9359	NA	NA	NA	NA	NA	\$29.9359	NA	\$29.9359
Underground Ca - Metal 24-Guage - ACF only	5C4	99	\$42.0538	NA	\$42.0538	NA	NA	NA	NA	NA	\$42.0538	NA	\$42.0538
Aerial Ca - Fiber - Building Entrance - ACF only	812C	99	\$0.0010	NA	\$0.0010	NA	NA	NA	NA	NA	\$0.0010	NA	\$0.0010
Aerial Ca - Fiber - ACF only	822C	99	\$1.6829	NA	\$1.6829	NA	NA	NA	NA	NA	\$1.6829	NA	\$1.6829
Buried Ca - Fiber - ACF only	845C	99	\$21.9316	NA	\$21.9316	NA	NA	NA	NA	NA	\$21.9316	NA	\$21.9316
Underground Ca - Fiber - ACF only	85C	99	\$0.9859	NA	\$0.9859	NA	NA	NA	NA	NA	\$0.9859	NA	\$0.9859
											\$979.4093		\$983.2673

Exhibit 5

BellSouth Telecommunications, inc.

<u>Cost Element</u>	<u>Description</u>	<u>As Filed</u>	<u>Inflation = 0</u>	<u>Difference</u>	<u>% Difference</u>
A.1	2-WIRE ANALOG VOICE GRADE LOOP				
A.1.1 *	2-Wire Analog Voice Grade Loop - Service Level 1	\$19.41	\$18.99	-\$0.42	-2.16%
B.1	EXCHANGE PORTS				
B.1.1 *	Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin)	\$1.40	\$1.38	-\$0.02	-1.43%
B.4	FEATURES				
B.4.13	Features per port	\$3.40	\$3.34	-\$0.06	-1.76%
C.1	END OFFICE SWITCHING				
C.1.1	End Office Switching Function, Per MOU	\$0.0008846	\$0.0008683	\$0.00	-1.84%
C.1.2	End Office Trunk Port - Shared, Per MOU	\$0.0001893	\$0.0001858	\$0.00	-1.85%
C.2	TANDEM SWITCHING				
C.2.1	Tandem Switching Function Per MOU	\$0.0001522	\$0.0001494	\$0.00	-1.84%
C.2.2	Tandem Trunk Port - Shared, Per MOU	\$0.0002713	\$0.0002663	\$0.00	-1.84%
D.1	COMMON TRANSPORT				
D.1.1	Common Transport - Per Mile, Per MOU	\$0.0000039	\$0.0000038	\$0.00	-2.56%
D.1.2	Common Transport - Facilities Termination Per MOU	\$0.0004579	\$0.0004865	\$0.00	6.25%
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT (RES, BUS, COIN, CENTREX, PBX)				
P.1.1 *	2-Wire Voice Grade Loop	\$18.09	\$17.65	-\$0.44	-2.43%
P.1.2 *	Exchange Port - 2-Wire Line Port	\$1.17	\$1.15	-\$0.02	-1.71%

* From 01/28/02 filing of bottoms-up analysis. Other elements "as filed" values from 08/16/00 filing using in-plants.

HCPM	FL			
Loop	\$13.57			
Port	\$0.93			
End Office	\$2.17			
Signaling	\$0.11			
Transport	<u>\$0.32</u>			
EO+Signal+Trans	\$2.60			
All Switch-Related (port + Usage)	\$3.53			
Total - HCPM	\$17.10			
UNE	Rates	No Inflation	Difference	% Difference
Loop (P.1.1)	\$13.95	\$13.61	-\$0.34	-2.4%
Port (P.1.2)	\$1.17	\$1.15	-\$0.02	-1.7%
Reflects FCC Usage Characteristics. Includes non-local calls.				
End Office	\$1.59	\$1.56	-\$0.03	-1.8%
Signaling	\$0.00	\$0.00	\$0.00	0.0%
Transport	<u>\$0.40</u>	<u>\$0.42</u>	<u>\$0.02</u>	<u>5.2%</u>
EO+Signal+Trans	\$1.99	\$1.98	-\$0.01	-0.4%
Features	\$2.26	\$2.22	-\$0.04	-1.8%
All Switch-Related (Port + Usage + Features)	\$5.42	\$5.35	-\$0.07	-1.2%
All Switch-Related (Port + Usage + 55% *Featur	\$4.40	\$4.35	-\$0.05	-1.1%
Total	\$19.37	\$18.96	-\$0.41	-2.1%
Total (55% Features)	\$18.35	\$17.97	-\$0.39	-2.1%

	Decrease from Costs w/ Inflation	No Inflation
B.4.13	Features per port	-0.0176
C.1.1	End Office Switching Function, Per MOU	-0.0184
C.1.2	End Office Trunk Port - Shared, Per MOU	-0.0185
C.2.1	Tandem Switching Function Per MOU	-0.0184
C.2.2	Tandem Trunk Port - Shared, Per MOU	-0.0184
D.1.1	Common Transport - Per Mile, Per MOU	-0.0256
D.1.2	Common Transport - Facilities Termination Per MOU	0.0625
P.1.1	2-Wire Voice Grade Loop	-0.0243
P.1.2	Exchange Port - 2-Wire Line Port	-0.0171

Usage Calculations

% Intraoffice	0.26	0.26
% Interoffice	0.74	0.74
% Tandem Occurrence	0.0099	0.0099
Local Minutes per month	742.00	742.00
Mileage	22.59	22.59
Number of Calls (Local)	218.30	218.30
Non-Local MOU per Month	224.93	224.93

**Cost with No
Inflation**

	Rate	Inflation
End Office Switching per MOU	\$0.0007662	\$0.0007521
End Office Switching per MOU - Terminating		
EO Interoffice Trunk Port per MOU	\$0.0001640	\$0.0001610
Tandem Switching Function per MOU	\$0.0001319	\$0.0001295
Tandem Interoffice Trunk Port per MOU	\$0.0002350	\$0.0002307
Common Transport - per Mile per MOU	\$0.0000035	\$0.0000034
Common Transport - Facilities per MOU	\$0.0004372	\$0.0004645
Signaling per call		

Per Month Calculation

End Office Switching per MOU	\$1.34	\$1.31
End Office Switching - Terminating		
EO Interoffice Trunk Port per MOU	\$0.25	\$0.25
Tandem Switching Function per MOU	\$0.00	\$0.00
Tandem Interoffice Trunk Port per MOU	\$0.00	\$0.00
Common Transport - per Mile per MOU	\$0.06	\$0.06
Common Transport - Facilities per MOU	\$0.34	\$0.36
Signaling per call		
Total Switching Cost per Line per Month	\$2.00	\$1.99
Features per Port (as separate charge)	\$2.26	\$2.22